

Downtown Arena Update

Recommendation:

That Administration proceed with Design Development based upon the Schematic Design presented to City Council May 16, 2012, and on the \$450 million Arena Project budget.

Report Summary

This report provides the results of the Public Engagement Program for the Arena Design and an update on arena cost estimates and requests approval to proceed with design development.

Report

This report provides the results of the public engagement program, highlighting the key comments that were raised by the public regarding the Project. It also provides an update on the arena cost estimates.

Design Activities:

- The Architectural team, led by 360 Architecture has completed the 100 percent Schematic Design. Administration is recommending the team advance to the Design Development phase, in order to produce a Guaranteed Maximum Price by the end of the year.
- PCL Construction Management, retained through a Request for Proposals Process as the Construction Manager, will be responsible for the development of the Guaranteed Maximum Price.
- As the project continues through Design Development, cost saving

opportunities will be pursued to achieve the \$450 million budget. Before proceeding with construction, the City and Edmonton Arena Corp. must agree on the Guaranteed Maximum Price proposed and on a final project budget. If agreement is not reached, then either party can stop the process.

Public Engagement

- The firm of Calder Bateman was retained to continue with the coordination of the second stage of public engagement, following up from the public meetings that were held during 2010. This included a Stakeholder Meeting, public meetings, and an on-line survey. The results of the public engagement program are outlined in Attachment 1. Generally, the schematic design has received positive feedback from the public as well as from the Edmonton Design Committee.

Stakeholder Meeting:

- A Community Stakeholder Meeting was held with representatives from the downtown and surrounding area Community Leagues, the Federation of Community Leagues and downtown community support agencies on May 24, 2012. The meeting included a presentation of the Schematic Design by the Project Architect followed by a discussion of key areas of concern and suggestions.
- Concerns that were raised included: ensuring the public infrastructure (including the community rink) was funded, adequacy of parking in the area, exterior materials (desire for more colour), integration with the neighbourhood to the north, need for

greater street level interaction on 104 Avenue, and a desire that the public space (including the Winter Garden) be a welcoming environment.

Public Information Exchanges

- Open Houses were held May 29, and June 5, 6, and 7, 2012, at four different locations in Edmonton (Santa Maria Goretti Centre, Terwillegar Recreation Centre, Grant MacEwan Campus – Mill Woods, and Grant MacEwan Campus – City Centre. A total of 248 individuals registered at the Open Houses.
- Feedback was obtained through discussions and submission of written comments that were collected by City staff at the meetings.
- Overall, the public response to the design was very favourable. The feedback suggests that the public genuinely felt that their input from the previous round of discussions had an impact and influenced the design of the facility and surrounding area.

On-Line Survey Results

- An on-line survey on the City's website was used as a primary tool to collect public feedback. The survey contained six themed topics and citizens were able to respond to all areas or individual areas. In total, approximately 7000 responses were received. The theme attracting the greatest interest was exterior visuals, which garnered 1766 responses. The breakdown of the submissions received for each of the six themed areas is outlined in Attachment 1.

- Over 80 percent of the respondents agreed that the Arena would be a landmark for the City with 78 percent advising that the design would enhance the visual attractiveness of the area.
- Over three quarters of the respondents felt that the public space in the Winter Garden would benefit Edmontonians and similarly over 75 percent of respondents felt it effectively connected the north and south sides of 104 Avenue.
- Over three quarters of the survey respondents also agreed that the Community Rink would provide valued recreation opportunities for the downtown and surrounding areas.
- Similarly, approximately 75 percent of respondents felt that the concern over integration into the community was achieved and that the arena will be well connected to the neighbourhoods and businesses around the arena.
- Finally, with respect to transportation concerns, 62 percent of respondents were satisfied that the road system would accommodate the traffic and 58 percent felt that the parking was adequate.
- The most favourable aspects were considered to be: the exterior design itself as iconic, the design's potential to revitalize the downtown, and the inclusion of a community rink.
- Concerns included: ensuring the budget did not escalate above \$450 million, greater opportunity for interaction along 104 Ave (eg more storefronts), public programming on the Winter Garden, and the pursuit of environmental sustainability.

Community Benefits

- There are Five Components of the Community Benefits Framework:
 - Community Committee
 - Good Neighbour Approach
 - Employment During Construction
 - Employment During Arena Operations
 - Support for the Community (Oilers Community Foundation)
- In addition to the Framework elements, the development of the Community Arena has been embraced by the public and is perceived to be a substantive benefit to the neighbourhood provided the public use of the facility is assured. In addition, the public access to the Community rink that is provided through the pedestrian corridor, and opportunity for the general public to view Oiler practice sessions at no cost has been well received.

Financial Elements

- All the work being carried out by the Design Team towards the completion of the Schematic Design, Design Development, and Guaranteed Maximum Price, including the work of ICON, 360 Architecture, PCL, and Calder Bateman, is included within the \$30 million Design Budget (which in turn is included within the \$450 million project budget).
- Since the initial cost estimates for the arena project were submitted, work has been undertaken to reduce cost. A number of program elements have been modified or removed. They include:
 - removal of the Oiler Team Store,
 - changing the exterior finish from zinc to stainless steel,

- removal of some food and beverage facilities, and
- replacing the terrazzo flooring on the second concourse with polished concrete.

The latest cost estimate for the Arena and related infrastructure (as of July 10, 2012) is as follows:

<u>Element</u>	<u>Cost Estimate</u>	<u>Budget</u>
Arena	\$485 m*	\$450m
Winter Garden	\$80 m	\$50m
LRT Link	\$7m	\$17m
Pedestrian Corridor	\$15m	\$15m
Land	\$21m*	\$25m

* Subject to parking resolution

- Cost estimates at this stage of design are considered to be plus or minus 20 percent. The project cost does include \$21 million in contingency.
- Additional elements are also being value engineered by the Design Team with an expectation that a further reduction of \$8.5 million is anticipated, which would reduce the estimated costs down to \$476.5 million.
- One reason for the higher projected cost is due to the change in design of moving the arena to the west of the site and placing the parking underground. This change has enhanced the appearance of the arena; effectively making the site more walkable and pedestrian friendly (with the addition of 102 Street), providing a facility that has no back door, screening the truck loading from the public, and enabling the City to sell more land (which was intended to be used for the parkade)

for more street oriented retail development. This would reduce the City's cost for the land from \$25 million to \$21 (subject to a resolution to reducing underground parking). The land cost is outside of the \$450 million budget for the arena.

- Work continues on reducing the cost of the Winter Garden as well, but the City's commitment is \$25 million.
- In keeping with the program definition in the Interim Design Agreement the amount estimated for the Furniture Fixtures and Equipment Component would be reduced by \$5.4 million and the team and performer facilities would be reduced by \$3 million for a total of \$8.4 million reducing the estimated cost to \$468.1 million.
- Additional opportunities to reduce costs suggested by Administration and being pursued by the Design Team include:
 - Reducing Underground Parking by 50 percent for a reduction of \$10 million.
 - Modifying exterior finishing for a reduction of \$12 million. This opportunity could include changing the finish of the building, simplifying the design and changing the roof material.
 - These two opportunities total \$22 million further reducing the estimated cost to \$446.1 million.
- As indicated, the total of all of these strategies is \$38.9 million.
- In addition through the Design Development phase, the Design Team will continue their efforts to identify other opportunities, including interior design changes, to allow for the cost reductions to occur in the areas that will have the least significant impact on the overall facility.
- While efforts to reduce costs will continue throughout the design development phase, the Project Manager is suggesting that it is unlikely that the Guaranteed Maximum Price and Project Budget will be \$450 million or less unless changes such as those suggested above are pursued. None of the cost saving measures identified above require significant redesign. Strategies that would require major redesign were avoided as there is a strong likelihood that any potential cost savings that might be realized would be significantly eroded through increases in construction costs due to delays.
- The cost estimate for the LRT link is lower than the budget by \$10 million. Given the public support for the Community Rink, Administration recommends that the saving from this public infrastructure element be applied to the Community Rink, which is currently unfunded. The Community Rink was originally proposed to be funded equally by the three orders of Government with an estimated cost of \$21 million. While the current cost estimate for the facility is \$26 million, efforts are underway by the Design Team to modify the design to achieve construction of the facility within the \$21 million target.
- In the event that the decision is made to proceed to design development as presented, and ultimately the costs cannot be brought back in line with the target budget of \$450 million, there needs to be an understanding as to the approach to address additional

costs. To date, neither party has agreed to assume any additional costs.

Agreements

- The complexity of the Arena Project has necessitated the production of a number of Agreements in addition to the Master Agreement. They include:
 - Master Agreement
 - Lease Agreement
 - Location Agreement
 - Sponsorship Agreement
 - Land Inventory Amending Agreement
 - Tax Agreement
 - Ticket Surcharge Agreement
 - Construction Administration Agreement
- Administration is planning on presenting the full suite of agreements to a special meeting of Council prior to the end of the third Quarter for full discussion in advance of requesting formal approval of the Master Agreement.

Timelines and Targets

- July 17, 2012 – Council consideration of Results of Public Engagement Program and Approval of Schematic Design
- September/October, 2012 – approval of Master Agreement and Ancillary Agreements
- September, November, 2012: Status reports to City Council
- January, 2013 – Council consideration of the 60 per cent Design and Guaranteed Maximum Price

Corporate Outcomes

- Improve Edmonton's Liveability
- Transform Edmonton's Urban Form

Justification of Recommendation:

The Schematic Design was presented to the general public and has received a favourable response. While the projected costs are currently higher than the budget, a number of options have been identified to reduce the cost to meet the \$450 million maximum budget.

Attachments

1. Designing a New Arena for Edmonton – A Summary of Views from the Public

Others Reviewing this Report

- D. H. Edey, General Manager, Corporate Services
- L. Rosen, Chief Financial Officer and Treasurer
- L. Cochrane, General Manager, Community Services